

## PROJECT OVERSIGHT REPORT

Human Resource Management System (HRMS)  
Department of Personnel

Report as of Date:  
February 2004

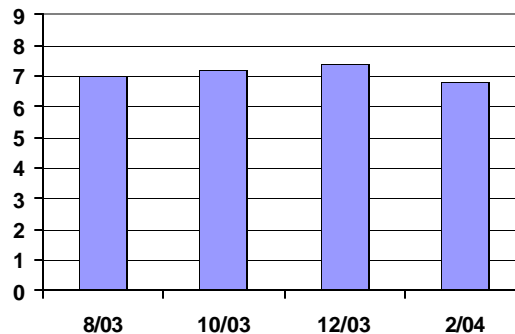
Project Manager: Brian Turner  
Project Director: Tom Miller  
Executive Sponsor: Gene Matt

MOSTD Staff: Tom Parma

Severity/Risk Rating: High (high severity, high risk)

Oversight: Level 3 – ISB

### Overall Project Risk Assessment



**Staff Recommendations:** ISB oversight staff has no recommendations at this time.

### Issues/Risks:

- **Schedule:** The project continues to be time constrained and has no schedule contingency (slack). Twenty-nine major design deliverables for configuration, extensions, interfaces, reports, and conversion were completed by the February 29, 2004 due date. Due to the compressed nature of this project, many of the deliverables, including these, will be completed “just in time.”
- **Budget/Cost:** The \$42 million budget for this project (excluding interest) was established by the Legislature. \$32 million is to come from a Certificate of Participation (COP); the remaining \$10 million from DOP rate increases during the 2003-2005 Biennium. The 2004 Supplemental budget includes an increase to the COP of approximately \$7 million. See [Funding](#) below.
- **Scope:**
  - **Requirements:** During November and December, the project team conducted 13 business requirements and process validation sessions, known as Conference Room Pilots (CRPs), with approximately 200 subject matter experts representing almost 30 agencies. The requirements and processes have been documented but may yet be adjusted as the system is being configured and tailored for the state. The schedule calls for the requirements to be locked down by March 31, 2004.
  - **Reports:** During requirements gathering, the agencies identified specific reports that they considered critical in HRMS. However, the initial inventory of required reports is much greater than anticipated and planned for in the original project schedule. The project team is currently investigating if and how the number can be reduced to a more manageable level. If they cannot be reduced, this may have a negative impact on the project schedule.

- Business Warehouse: The RFP process required the vendors to propose migrating the existing DOP data warehouse to a new data warehouse supported by the new system. The intent was to deliver early value and success, and to provide early exposure and familiarity with the new system. After analysis, it was determined that the initial plan would not deliver the expected results. The Business Warehouse was reassessed and has now been combined with an Enterprise Reporting proof-of-concept project managed by OFM. The intent is to blend the information in the data warehouse with budget information managed by OFM to provide information currently not available to the agencies. This scope change does not increase the budget or the number of days allocated for this project. The schedule is not affected since the Business Warehouse component of HRMS is not on the critical path.
- Resources: Additional staff continues to be added to the project as needed. DOP has hired a deputy project manager to assist the project manager and provide day-to-day direction to the various project team leads. The change management team has added resources to help coordinate with agency change agents. There is a great deal of information that is not yet known but will be needed for this project to be successful. The project team is gathering data about agencies through surveys and readiness assessments. Agencies often must make assumptions based on information that is not yet available or will not be available until later in the project. Agencies continue to put pressure on the project team for insight and clarification on these assessments and data gathering tools. A combination of DOP, OFM, and DIS agency personnel have been assigned to help small agencies with their readiness assessments.
- Project Management/Processes: There are no significant issues/risks to report. The project has experienced some internal issues concerning the deliverables approval process (e.g., status, physical location of the final document, etc.) and communications between and among the various teams. However, these issues have not had a material impact on the project, nor do they threaten to affect the project schedule.
- Other
  - Funding: If DOP exhausts the current source of funds before the COP is issued, work on the project may have to be temporarily suspended. DOP has approval to solicit bids for the COP. It was determined that more of the project activities can be funded using the COP than originally thought. DOP submitted a supplemental budget request to increase the COP to approximately \$39 million so cover the additional activities.
  - HCA Support: DOP operates and provides technical support for HCA's current Public Employees' Benefits Board (PEBB) system. If HCA's Insurance System Replacement Project (ISRP) is cancelled, this could affect DOP staffing decisions. DOP and HCA are currently working in concert to plan for DOP's continued support for PEBB.

**Status:**

- Life Cycle Stage: The project is in the planning and assessment phase (requirements confirmation and design). This phase is scheduled to complete on February 29, 2004.
- Schedule: The project is currently on schedule. The February 20 report shows that 65% of the business process design is complete. There are two deliverables that have not yet been started, batch interface design and report distribution design. The project team is estimating that all tasks on critical path will be completed on schedule.

<b>Milestone</b>	<b>Description</b>	<b>Planned</b>	<b>Forecast</b>	<b>Actual</b>
Work Plan	All tasks defined, major project activities and deliverables scheduled, resource assignments made.	9/30/03	9/30/03	9/30/03
Phase I Planning	Configuration requirements, extensions, interfaces, reports, conversion requirements confirmed for Release 1.	2/29/04	2/29/04	2/29/04
Phase I Detailed Design	SAP configured for Washington requirements; modifications, interfaces and reports designed; test plans developed.	7/31/04	7/31/04	
Phase I Development	All Release 1 functionality tested; training completed; processes implemented.	12/31/04	12/31/04	
Phase I Deployment	Phase I deployed to Group A & B agencies.	1/05 – 4/05	1/05 – 4/05	
Phase I Business Warehouse	Replacement of existing data warehouse functionality	3/04	3/04	

- Budget/Cost: The project is currently on budget. The following information is as of 2/6/2004:

	<b>Baseline</b>	<b>Accrued to Date</b>	<b>Actuals to Date</b>	<b>ETC</b>	<b>EAC</b>	<b>Variance</b>
<b>HRMS Application Software</b>	11,643,195	1,272	3,966,046	7,675,877	11,643,195	0
<b>Technical Infrastructure</b>	3,193,374	0	90,757	3,102,617	3,193,374	0
<b>Implementation Services</b>	25,723,605	1,850,000	3,000,000	20,873,605	25,723,605	0
<b>State Project Team</b>	5,225,688	46,800	503,995	4,674,893	5,225,688	0
<b>DIS Charges</b>	6,713,283	27,038	21,010	6,665,235	6,713,283	0
<b>Facilities and Equipment</b>	373,000	10,464	388,972	-26,436	373,000	0
<b>Advisory Services</b>	2,683,250	77,030	614,070	1,992,150	2,683,250	0
<b>Reserves</b>	5,435,571	0	0	5,435,571	5,435,571	0
<b>Project Totals</b>	<b>60,990,966</b>	<b>2,012,604</b>	<b>8,584,850</b>	<b>50,393,512</b>	<b>60,990,966</b>	<b>0</b>

\*ETC – Estimate to Complete \*\*EAC – Estimate at Completion

## Background Information

**Description:** The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State's Civil Service System. SHB1268 establishes a January 1, 2005 deadline to begin implementation of a new classification system (civil service reform), and a July 1, 2005 deadline for implementation of the first collective bargaining agreements. By these

dates, DOP's HRMS must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP's systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern HR practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM presented the findings of their feasibility study and received approval from the Board at the January 2003 meeting to proceed with the acquisition of integration services, software, and hardware to begin replacing the existing HRIS system. The RFP was released on April 16, 2003 and responses were due May 19, 2003. Two vendors submitted proposals, the team of Accenture/SAP and the team of IBM/PeopleSoft. Both continued through to announcement of the ASV. Demonstrations and presentations were conducted the week of June 9<sup>th</sup>. Best and final offers were due June 30, 2003. Accenture/SAP was named the ASV on July 7, 2003.

The major project phases are:

- Phase I – Implement core HR functionality required to support CSR/CB.
  - Group 1 – agencies not subject to CB.
  - Group 2 – remaining agencies.
- Phase II – Implement additional HR functionality.
  - Group 1 – early adopter agencies for Phase II functionality.
  - Group 2 – remaining agencies.

**Technology:** The proposed technology is:

- SAP's core ERP product, R/3
- SAP's data warehouse product, Business Warehouse
- Microsoft Windows OS
- Microsoft SQL Server DBMS
- Hewlett-Packard Proliant servers
- Accenture and SAP implementation services

**Budget:** The budget for the 03-05 Biennium authorizes DOP to enter into a financing contract for up to \$32 million (plus financing expenses) for not more than 12 years to purchase, develop, and implement the new HRMS. The legislature also allocated an additional \$10 million from DIS rebates to the project. The state budget states that DOP and OFM...

...shall jointly report to the legislature by January 15, 2004, on progress toward implementing the [HRMS]. The report shall include a description of mitigation strategies employed to address the risks related to: Business requirements not fully defined at the project outset; short time frame for system implementation; and delays experienced by other states. The report shall assess the probability of meeting the system implementation schedule and recommend contingency strategies as needed. The report shall establish the timelines, the critical path, and the dependencies for realizing each of the benefits articulated in the system feasibility study....